

Wisconsin Electronic Benefits Transfer (EBT) Client Integrity Project Procedures

February 2001

A. Referral of Clients Identified in Retailers Disqualified for Trafficking

The initial step in this process is the Food and Nutrition Service (FNS) Madison field office's disqualification of a retailer for trafficking. The United States Department of Agriculture (USDA)'s fraud detection system allows us to identify individual clients by EBT account number, unique for each food stamp case. The appearance of an EBT account number in questionable transactions at disqualified stores points to the likelihood that the client is redeeming benefits illegally. This may be an indication of an Intentional Program Violation (IPV). In Wisconsin, local human/social service agencies under contract with the Department of Workforce Development (DWD) administer IPVs for the Food Stamp Program.

After the FNS Madison field office disqualifies a retailer for trafficking, it will forward copies of charge letters to the Midwest Regional Office (MWRO). The MWRO will review the charge letters and compile, in consultation with the field office when necessary, a list of EBT account numbers for those clients whose transactions resulted in the retailer's disqualification. The MWRO will then transmit this information, in addition to a summary of facts leading to the retailer disqualification and links or association with the client EBT account number to the Division of Unemployment Insurance, Bureau of Program Integrity, Public Assistance Fraud Section (PAFS) at DWD. This summary of facts should include information linking or associating the client EBT account number with the FNS retailer disqualification. This list will usually mirror the transactions cited in the charge letter. The Madison FNS field office may issue approximately one charge letter per month. Each charge letter may include as many as 50 individuals suspected of making fraudulent transactions.

The frequency of retailer disqualifications will vary depending on appeals, requests for administrative review, judicial decisions, etc. The PAFS will initiate action against clients involved in alleged IPV at the conclusion of the actions or resolution of these actions. Some months, there are no charge letters, others there may be many. MWRO will forward the information to PAFS as soon as it is received from the FNS field office.

After receiving said documentation from the FNS, in addition to supporting documentation attesting to FNS retailer disqualification, PAFS staff will initiate administrative action regarding the potential client IPV. Although one suspicious transaction at a disqualified retailer does not indicate that a client is trafficking their benefits, examining a client's transaction history may point to suspicious patterns indicating IPV. Recurrent questionable transactions generally indicate benefit trafficking which is an IPV.

When applicable, the documents will be referred to the appropriate local county agency for further administrative action. The local county agency will determine if sufficient evidence exists against the client to pursue an Administrative Disqualification Hearing (ADH) in accordance with instructions contained in Section 11.0.0 of Chapter II, Part D of the Income Maintenance Manual (see attachment). In accordance with the ADH process, the client may agree to a waiver of the ADH under Section 11.4.3 or the client may agree to a disqualification through a consent agreement as cited in Section 11.7.0 of the Income Maintenance Manual.

If the documents received by the local agency are insufficient to initiate pursuit of Administrative Disqualification, county agencies will determine if the case warrants an investigation. The county agency will use the findings obtained from investigations to take administrative or criminal action against clients as appropriate.

MWRO anticipates that Wisconsin will provide follow-up information to FNS on an annual basis. This information will document findings obtained from investigations against those individuals who committed IPV's. It will also show the results of any actions taken against clients found guilty of committing an IPV in accordance with the Food Stamp Program Regulations.

Summary

1. MWRO and Madison field office disqualify a retailer for trafficking.
2. DUI/PAFS receives information and documentation from FNS MWRO of disqualified retailers trafficking EBT benefits and associated clients involved in an IPV.
3. DUI/PAFS will initiate administrative action against clients involved in alleged IPV at the conclusion of the actions against the retailer.
4. DUI/PAFS forwards the applicable referrals to the appropriate local IM agency with the recommendation that the agency take appropriate action against the client potential IPV in accordance with IMM Chapter II, Part D, Section 11.0.0, and the Food Stamp Program regulations.
5. DUI/PAFS will provide a status report to FNS on an annual basis.

B. Joint Interviews with Clients Performing Transactions in Retailers Suspected of Fraud

FNS regularly examines EBT transaction data to monitor the redemption activity of food stamp retailers. In some cases the field office will be able to disqualify retailers for food stamp trafficking based solely on EBT transaction data. In other instances, a store's EBT transaction activity may suggest that trafficking is occurring, but there will not be sufficient evidence to disqualify the retailer based on the EBT data alone.

Where the examination of EBT data indicates that specific clients may be repeatedly trafficking their benefits in a store, FNS will request the assistance of the local county agency to interview the client(s) to discuss the individual's EBT activity in the subject store. Just as a store disqualification for EBT fraud can be used by the state/local agency as a piece of evidence in an IPV case against a client, an admission of trafficking in a store by a client will give considerable weight to FNS' charge of trafficking against that retailer.

The Madison field office will notify the FNS compliance branch area office, the Division of Unemployment Insurance, Bureau of Program Integrity, Public Assistance Fraud Section (PAFS) at DWD and the applicable local human/social service agencies under contract with DWD that it has identified a client or clients with suspicious transaction activity at a particular store. After receiving this referral from FNS, the local agency will schedule an interview with the client(s) to discuss the suspicious EBT activity. These client interviews will be performed by an FNS representative as part of a case against the store. County fraud investigators will be part of the interview team and may take part in the interview process.

If the client admits to the trafficking of food stamp benefits, the local county agency will initiate an ADH in accordance with instructions contained in Section 11.0.0 of Chapter II, Part D of the Income Maintenance Manual. In accordance with the ADH process, the client may agree to a waiver of the ADH under Section 11.4.3 or the client may agree to a disqualification through a consent agreement as cited in Section 11.7.0 of the Income Maintenance Manual.

When a client admits to trafficking in a store FNS will use this admission in an administrative disqualification case against the retailer.

If a client does not admit to any wrongdoing in the interview, county agencies will determine if the case warrants an investigation and the county agency will use the findings obtained from the investigation to take administrative or criminal action against the client as appropriate.

Summary

1. The Madison field office will identify clients with questionable EBT transaction activity in a suspect store.
2. The field office will notify FNS compliance branch, DUI/PAFS, and the appropriate local county office that it has identified a client(s) with suspicious transaction activity at a particular store.
3. The local county agency will schedule an interview with the client to discuss the client's EBT activity.
4. An FNS representative will conduct the interview as part of a case against the store. County fraud investigators will be part of the interview team and may take part in the interview process.
5. If the client admits to trafficking the county agency will initiate an ADH.
6. FNS will use the client's admission of trafficking in an administrative disqualification case against the retailer.
7. If the client does not admit to violating food stamp program rules, the local county agency will determine if the case warrants further investigation.